

**MORAN TOWNSHIP
MACKINAC COUNTY, MICHIGAN**

Financial Statements
For the Year Ended
March 31, 2008

Prepared By:

Richard E. Mahlmeister, C.P.A., P.C.
580 South Nicolet, P.O.Box 996
Mackinaw City, MI 49701

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.06)

Unit Name* Moran Township	County* MACKINAC	Type* TOWNSHIP	MuniCode* 49-1-080
Opinion Date-Use Calendar* Sep 12, 2008	Audit Submitted-Use Calendar* Sep 17, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text"/> \$ 249,039.00
General Fund Expenditure:	<input type="text"/> \$ 254,599.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="text"/> \$ 288,752.00
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/> \$ 360,000.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Richard E.	Last Name* Mahlmeister	Ten Digit License Number* 1101017351		
CPA Street Address* P.O. Box 996	City* Mackinaw City	State* MI	Zip Code* 49701	Telephone* +1 (231) 436-5223
CPA Firm Name* Richard E. Mahlmeister, CPA	Unit's Street Address* P.O. Box 364	Unit's City* St. Ignace	Unit's Zip* 49701	

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INDEPENDENT AUDITOR'S REPORT

September 12, 2008

Township Board
Moran Township
Mackinac County, Michigan

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of **Moran Township, Mackinac County, Michigan**, as of and for the year ended March 31, 2008, which collectively comprise **Moran Township's** basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Moran Township's** management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of **Moran Township, Mackinac County, Michigan**, as of March 31, 2008, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 1 through 6 and 28 through 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



Richard E. Mahlmeister, C.P.A.
Richard E. Mahlmeister, CPA, PC

MORAN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2008. Please read it in conjunction with the financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights

Net assets at March 31, 2008 totaled \$2,678,097, representing a decrease of \$364,600 from the previous fiscal year. Governmental funds represented \$345,389 of this decrease, while Business-type activities represented \$19,211 of this decrease.

Governmental Fund Highlights

The governmental activities of the Township reported combined ending fund balances of \$1,029,741, which represents a decrease of \$4,402 from the previous fiscal year.

Long-term Debt

The Township's long-term debt was increased by \$335,000, to \$605,000. Capital asset and debt activity is addressed further in a subsequent section of this letter.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: 1) management's discussion and analysis; 2) the basic financial statements; and 3) required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities and/or business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

MORAN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the Township as a whole, using accounting methods used by private companies. The Statement of Net Assets includes all of the Township's assets and liabilities. The Statement of Activities records all of the current year's revenues and expenses, regardless of when received or paid.

The two Government-wide statements report net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities. This is one method to measure our financial health or position.

Over time, increases or decreases in the Township's net assets are an indicator of whether financial position is improving or deteriorating.

To assess the overall health of the Township, you may also consider additional factors such as tax base changes, facility conditions, and personnel changes.

Most of the activities are reported as governmental activities. These would include the operations recorded in the General Fund, Special Revenue-Road and Recreation Funds. Business-type activities include the Water and Sewer Funds.

The comparison of net assets of governmental activities from year to year serves to measure a government's financial position:

Moran Township Net Assets March 31,

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2008	2007	2008	2007	2008	2007
Current assets	\$1,125,447	\$1,060,594	\$225,822	\$406,265	\$1,351,269	\$1,466,859
Capital assets (net)	152,184	137,406	1,695,088	1,733,186	1,847,272	1,870,592
Other assets	9,248	-	178,633	7,422	187,881	7,422
Total assets	<u>1,286,879</u>	<u>1,198,000</u>	<u>2,099,543</u>	<u>2,146,873</u>	<u>3,386,422</u>	<u>3,344,873</u>
Long-term liabilities	360,000	-	245,000	270,000	605,000	270,000
Other liabilities	100,719	26,451	2,606	5,725	103,325	32,176
Total Liabilities	<u>460,719</u>	<u>26,451</u>	<u>247,606</u>	<u>275,725</u>	<u>708,325</u>	<u>302,176</u>
Net assets:						
Invested in capital assets, net of related debt	152,184	137,406	1,450,088	1,463,186	1,602,272	1,600,592
Unrestricted	<u>673,976</u>	<u>1,034,143</u>	<u>401,849</u>	<u>407,962</u>	<u>1,075,825</u>	<u>1,442,105</u>
	<u>\$826,160</u>	<u>\$1,171,549</u>	<u>\$1,851,937</u>	<u>\$1,871,148</u>	<u>\$2,678,097</u>	<u>\$3,042,697</u>

MORAN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The most significant portion of the Township's Net Assets is the investment in capital assets (e.g. land, buildings, equipment and water and sewer systems), less any related debt that is outstanding that the Township used to acquire or construct the asset. The Township has \$1,550,640 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by policies regarding their use.

The following table summarizes the results of the changes in Net Assets of the Township:

Moran Township Change in Net Assets March 31,						
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2008	2007	2008	2007	2008	2007
REVENUES:						
Program revenues:						
Charges for services	\$11,362	10,592	\$108,487	106,210	\$119,849	\$116,802
Operating grants and contributions	7,017	-	-	-	7,017	-
General revenues:						
Property taxes	302,227	336,814	-	-	302,227	336,814
State-shared revenues	122,067	124,059	-	-	122,067	124,059
Interest income	23,180	24,639	12,126	9,799	35,306	34,438
Other	522	5,523	-	-	522	5,523
Total Revenues	466,375	501,627	120,613	116,009	586,988	617,636
EXPENSES:						
Legislative	23,647	39,461	-	-	23,647	39,461
General government	119,877	111,313	-	-	119,877	111,313
Public safety	77,689	88,310	-	-	77,689	88,310
Public works	557,806	210,953	-	-	557,806	210,953
Recreation and culture	24,698	29,432	-	-	24,698	29,432
Other	8,047	8,230	-	-	8,047	8,230
Sewer expenses	-	-	24,517	23,855	24,517	23,855
Water expenses	-	-	115,307	121,542	115,307	121,542
Total Expenses	811,764	487,699	139,824	145,397	951,588	633,096
Net assets:						
Decrease in Net Assets	(345,389)	13,928	(19,211)	(29,388)	(364,600)	(15,460)
Beginning Net Assets	1,171,549	1,157,621	1,871,148	1,957,325	3,042,697	3,114,946
Ending Net Assets	\$826,160	\$1,171,549	\$1,851,937	\$1,927,937	\$2,678,097	\$3,099,486

MORAN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities

The Township is able to report positive balances in net assets. Net assets decreased by \$345,389, mostly in part to various road improvement projects undertaken during the year, which is also why public works expense has increased. Property taxes have decreased due to tax tribunal issues related to personal property taxes, where the Township repaid to various utility company taxpayers prior year taxes based on a lower assessed taxable value. In summary, overall expenses have increased by \$324,065, primarily due to additional road projects undertaken during the current year.

Business-Type Activities

These activities, which include the water and sewer systems, accounted for a decrease of \$19,211 during the year, mainly due to depreciation costs.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds, not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. They may also be created by the Township Board. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Township has the following types of funds:

Governmental Funds

Most of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them.

The Township maintains three individual governmental funds; General Fund, Road Fund, and Recreation Fund, all of which we consider major funds. The Township funds are financed primarily by both property tax revenue and state shared revenues.

Fiduciary Funds

The Township acts as a trustee or fiduciary and is responsible for insuring that the assets of these activities are collected and disbursed to the respective entities to which the funds belong. The Township maintains these funds and is responsible for insuring that the assets of these activities are spent for their intended purpose and at the direction of those individuals/organizations to whom the funds belongs. These activities do not appear in the Township's government-wide financial statements since the assets do not belong to the Township. The Township maintains a Tax Collection Fund in this category.

MORAN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental Fund Activities

The General and Recreation Funds activities remained consistent with the prior year. The Road Fund decreased its fund balance, primarily due to the aforementioned road projects. The Township continued to provide the same services to its residents: administrative, assessing, elections, township hall maintenance, road maintenance, fire protection, ambulance service and tax collection. The General Fund decreased its fund balance by \$5,560, bringing the fund balance to \$288,752, the Special Revenue-Road Fund decreased its fund balance by \$9,653, bringing the fund balance to \$650,346, and the Recreation Fund increased its Fund balance by \$10,811, bringing the fund balance to \$90,643.

Capital Asset and Debt Administration

Capital Assets

At March 31, 2008, the Township's governmental activities had \$152,184 in net capital assets (land, buildings and equipment), and the business-type activities had a total of \$1,695,088 (water and sewer systems); for a total of \$1,847,272. Capital assets purchased during the current year were for a new storage garage in the amount of \$20,648.

Long-Term Debt

New debt was incurred during the year in the form of bonded indebtedness in the amount of \$360,000. These monies were used for road repair and reconstruction for County roads within the township, primarily Pte. LaBarbe Road. Our remaining debt consists of \$300,000 special assessment bonded indebtedness on the water system of which we paid down to \$245,000 by making the scheduled payments.

BUDGETARY HIGHLIGHTS

Significant differences between the original and final budget were in General Fund where the Township appropriated additional capital outlay funds for building the new storage garage. In the Road Fund the Township appropriated additional public works funds for anticipated road repair and reconstruction expenditures.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

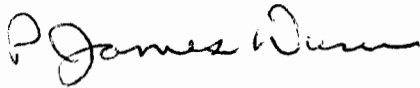
The Township expects financial aspects of governing to be generally the same as in the current year. However, the Township has committed approximately \$55,540 in Road projects in the upcoming year

MORAN TOWNSHIP

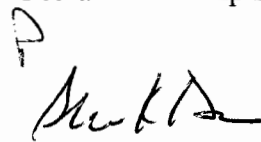
MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTACTING TOWNSHIP MANAGEMENT

This financial report is designed to provide our citizens, creditors, investors, and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for revenues it receives. If you have any questions concerning this report, or need additional information, please contact any township official at 906.643.8027 (Moran Township Hall).



P. James Durm
Moran Township Supervisor



Susan K. Dionne
Moran Township Treasurer



Kristine R. Vallier
Moran Township Clerk

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MORAN TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2008

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTALS</u>
Cash and cash equivalents	\$723,812	\$218,046	\$941,858
Investments	352,071	-	352,071
Receivables:			
Property taxes	36,730	6,362	43,092
Accounts	-	1,414	1,414
Special assessments	-	171,886	171,886
Due from other governmental units	11,604	-	11,604
Due from others	1,230	-	1,230
Capital assets (net of accumulated depreciation)	152,184	1,695,088	1,847,272
Other assets-financing costs (net)	9,248	6,747	15,995
<u>TOTAL ASSETS</u>	<u>1,286,879</u>	<u>2,099,543</u>	<u>3,386,422</u>
 <u>LIABILITIES</u>			
Accounts payable	73,662	-	73,662
Accrued liabilities	22,044	-	22,044
Accrued interest	5,013	2,606	7,619
Long-term liabilities:			
Due within one year	55,000	30,000	85,000
Due in more than one year	305,000	215,000	520,000
<u>TOTAL LIABILITIES</u>	<u>460,719</u>	<u>247,606</u>	<u>708,325</u>
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	152,184	1,450,088	1,602,272
Unrestricted	673,976	401,849	1,075,825
<u>TOTAL NET ASSETS</u>	<u>\$826,160</u>	<u>\$1,851,937</u>	<u>\$2,678,097</u>

The accompanying notes are an integral part of these financial statements.

**MORAN TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities			
Legislative	\$23,647	\$ -	\$ -
General government	119,877	845	-
Public safety	77,689	10,517	-
Public works	557,806	-	7,002
Recreation and culture	24,698	-	15
Other	8,047	-	-
Total governmental activities	811,764	11,362	7,017
Business-type activities			
Sewer	24,517	31,272	-
Water	115,307	77,215	-
Total business-type activities	139,824	108,487	-
Total primary government	\$951,588	\$119,849	\$7,017
General Revenues			
Property taxes			
State-shared revenues			
Unrestricted interest income			
Other			
Total general revenues			
Change in net assets			
Net assets, beginning of year			
Net assets, end of year			

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and changes in Net Assets				
Primary Government				
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	TOTAL	
\$ -	(\$23,647)	\$ -	(\$23,647)	
-	(119,032)	-	(119,032)	
-	(67,172)	-	(67,172)	
-	(550,804)	-	(550,804)	
-	(24,683)	-	(24,683)	
-	(8,047)	-	(8,047)	
-	(793,385)	-	(793,385)	
-	-	6,755	6,755	
-	-	(38,092)	(38,092)	
-	-	(31,337)	(31,337)	
\$ -	(793,385)	(31,337)	(824,722)	
	302,227	-	302,227	
	122,067	-	122,067	
	23,180	12,126	35,306	
	522	-	522	
	447,996	12,126	460,122	
	(345,389)	(19,211)	(364,600)	
	1,171,549	1,871,148	3,042,697	
	\$826,160	\$1,851,937	\$2,678,097	

FUND FINANCIAL STATEMENTS

MORAN TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2008

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>ROAD FUND</u>	<u>RECREATION FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and cash equivalents	\$271,085	\$340,284	\$112,443	\$723,812
Investments	-	352,071	-	352,071
Taxes receivable	15,307	16,946	4,477	36,730
Receivable from other governments	11,604	-	-	11,604
Due from others	1,230	-	-	1,230
TOTAL ASSETS	\$299,226	\$709,301	\$116,920	\$1,125,447
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$50,248	\$23,414	\$73,662
Accrued liabilities	10,474	8,707	2,863	22,044
TOTAL LIABILITIES	10,474	58,955	26,277	95,706
FUND BALANCES				
Unreserved:				
Designated for:				
Subsequent years' expenditures	48,145	-	-	48,145
Undesignated	240,607	650,346	90,643	981,596
TOTAL FUND BALANCES	288,752	650,346	90,643	1,029,741
TOTAL LIABILITIES AND FUND BALANCES	\$299,226	\$709,301	\$116,920	\$1,125,447

The accompanying notes are an integral part of these financial statements.

MORAN TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2008

Reconciliation of fund balances on the balance sheets for governmental activities
to the statement of net assets

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$1,029,741
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds.

Add: capital assets	225,842
Subtract: accumulated depreciation	(73,658)

Deferred costs used in governmental activities are not financial resources and,
therefore, are not reported in the funds.

Add: financing costs	9,909
Subtract: accumulated amortization	(661)

Certain liabilities are not due and payable in the current period, and therefore
are not reported as liabilities in the funds, and consist of:

Subtract: bonds payable	(360,000)
Subtract: accrued interest on long-term liabilities	(5,013)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$826,160</u>
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The accompanying notes are an integral part of these financial statements.

MORAN TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	GENERAL FUND	ROAD FUND	RECREATION FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$126,220	\$140,966	\$35,041	\$302,227
Licenses and permits	10,517	-	-	10,517
State shared revenues	106,914	15,153	-	122,067
Contribution from local unit	-	7,002	-	7,002
Charges for services	845	-	-	845
Interest income	4,021	19,158	1	23,180
Donations	-	-	15	15
Other income	522	-	-	522
TOTAL REVENUES	249,039	182,279	35,057	466,375
EXPENDITURES				
Current:				
Legislative	23,647	-	-	23,647
General government	114,459	-	-	114,459
Public safety	77,689	-	-	77,689
Public works	10,109	542,023	-	552,132
Recreation and culture	-	-	24,246	24,246
Other functions	8,047	-	-	8,047
Capital outlay	20,648	-	-	20,648
Debt service	-	9,909	-	9,909
TOTAL EXPENDITURES	254,599	551,932	24,246	830,777
REVENUES OVER (UNDER) EXPENDITURES	(5,560)	(369,653)	10,811	(364,402)
OTHER FINANCING SOURCES				
Bond proceeds	-	360,000	-	360,000
NET CHANGE IN FUND BALANCES	(5,560)	(9,653)	10,811	(4,402)
FUND BALANCES, BEGINNING OF YEAR	294,312	659,999	79,832	1,034,143
FUND BALANCES, END OF YEAR	\$288,752	\$650,346	\$90,643	\$1,029,741

The accompanying notes are an integral part of these financial statements.

MORAN TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

Reconciliation of statement of revenues, expenditures and changes in fund balances of governmental funds to statement of activities

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$4,402)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, those costs are allocated over their useful lives as annual depreciation expense in the statement of activities.

Add: capital outlay capitalized during the current year	20,648
Subtract: depreciation expense	(5,870)

Governmental funds report deferred costs, such as financing costs, as expenditures. However, those costs are allocated over the related debt repayment period as annual amortization expense in the statement of activities.

Add: finance costs	9,909
Subtract: amortization expense	(661)

Bond proceeds are an other financing source in the governmental funds, but increase long-term liabilities in the statement of net assets.

Subtract: bond proceeds.	(360,000)
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Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Subtract: increase in the accrual of interest on long-term liabilities.	(5,013)
-------------------------------------------------------------------------	---------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(\$345,389)</u></u>
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The accompanying notes are an integral part of these financial statements.

**MORAN TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
MARCH 31, 2008**

ASSETS	SEWER FUND	WATER FUND	TOTAL
CURRENT ASSETS:			
Cash and cash equivalents	\$84,434	\$133,612	\$218,046
Taxes receivable	-	6,362	6,362
Accounts receivable	437	977	1,414
Special assessments receivable	-	171,886	171,886
TOTAL CURRENT ASSETS	84,871	312,837	397,708
CAPITAL ASSETS			
Sewer system	38,160	-	38,160
Water system	-	1,876,430	1,876,430
Less: accumulated depreciation	(15,264)	(204,238)	(219,502)
NET CAPITAL ASSETS	22,896	1,672,192	1,695,088
OTHER ASSETS:			
Financing costs (net)	-	6,747	6,747
TOTAL ASSETS	107,767	1,991,776	2,099,543
LIABILITIES			
CURRENT LIABILITIES:			
Accrued interest	-	2,606	2,606
Bonds payable	-	30,000	30,000
TOTAL CURRENT LIABILITIES	-	32,606	32,606
LONG-TERM LIABILITIES:			
Bonds payable	-	215,000	215,000
TOTAL LONG-TERM LIABILITIES	-	215,000	215,000
TOTAL LIABILITIES	-	247,606	247,606
NET ASSETS			
Invested in capital assets, net of related debt	22,896	1,427,192	1,450,088
Unrestricted	84,871	316,978	401,849
TOTAL NET ASSETS	\$107,767	\$1,744,170	\$1,851,937

The accompanying notes are an integral part of these financial statements.

MORAN TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2008

	SEWER FUND	WATER FUND	TOTAL
OPERATING REVENUES			
Service fees	\$31,272	\$77,215	\$108,487
TOTAL OPERATING REVENUES	31,272	77,215	108,487
OPERATING EXPENSES			
Cost of sales	23,554	65,478	89,032
Amortization	-	675	675
Contracted services	200	2,941	3,141
Other	-	1,060	1,060
Depreciation	763	37,334	38,097
TOTAL OPERATING EXPENSES	24,517	107,488	132,005
OPERATING INCOME (LOSS)	6,755	(30,273)	(23,518)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	579	1,807	2,386
Interest income - special assessments	-	9,740	9,740
Interest expense	-	(7,819)	(7,819)
TOTAL NON-OPERATING INCOME (NET)	579	3,728	4,307
CHANGE IN NET ASSETS	7,334	(26,545)	(19,211)
NET ASSETS, BEGINNING OF YEAR	100,433	1,770,715	1,871,148
NET ASSETS, END OF YEAR	\$107,767	\$1,744,170	\$1,851,937

The accompanying notes are an integral part of these financial statements.

**MORAN TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008**

	SEWER FUND	WATER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$30,835	\$76,238	\$107,073
Payments for operating expenses	(23,754)	(69,479)	(93,233)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,081	6,759	13,840
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Special assessments-principal and interest	-	42,084	42,084
Principal and interest paid on capital debt	-	(35,937)	(35,937)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	-	6,147	6,147
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest/investment earnings	579	1,807	2,386
NET CASH PROVIDED BY INVESTING ACTIVITIES	579	1,807	2,386
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,660	14,713	22,373
CASH AND CASH EQUIVALENTS:			
BEGINNING OF YEAR	76,774	118,899	195,673
END OF YEAR	\$84,434	\$133,612	\$218,046
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$6,755	(\$30,273)	(\$23,518)
Adjustments to reconcile operating loss to net cash from operating activities:			
Amortization	-	675	675
Depreciation	763	37,334	38,097
Changes in assets and liabilities:			
Receivables	(437)	(977)	(1,414)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$7,081	\$6,759	\$13,840

The accompanying notes are an integral part of these financial statements.

**MORAN TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
TAX COLLECTION FUND
MARCH 31, 2008**

	AGENCY FUND
	<hr/>
<u>ASSETS</u>	
Cash	<hr/> \$679 <hr/>
<u>LIABILITIES</u>	
Due to other governmental units	<hr/> 679 <hr/>
<u>NET ASSETS</u>	
Fiduciary Net Assets	<hr/> \$ - <hr/>

The accompanying notes are an integral part of these financial statements.

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Moran Township, Mackinac County, Michigan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant policies.

THE REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of the reporting entity includes those of the Township and any component units. The basic criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The Township has determined that no entities should be consolidated into its financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues are reported instead as general revenue.

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

The proprietary funds use the accrual basis of accounting and are accounted for on a cost-of-service or "capital maintenance" measurement focus. Under the capital maintenance measurement focus, all assets and liabilities associated with the fund's activities are included on its balance sheet. Under the accrual basis, revenues are recognized when earned and expenses are recognized when they are incurred. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria, based on percentage of the assets, liabilities, revenues or expenditures/expenses of the governmental and proprietary funds, for the determination of major funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, state shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be available when cash is received by the government.

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The Township reports the following major funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Financing is provided primarily by property taxes and state shared revenues.

Road Fund - The Special Revenue - Road Fund accounts for revenues and expenditures attributable to improvement of various roads located within the Township. Revenue is primarily obtained from property taxes for this purpose.

Recreation Fund - The Special Revenue - Recreation Fund is used to account for expenditures related to contracted, township provided recreation services. Financing is provided primarily by a special property tax levy.

Proprietary Funds

The Township reports the following major enterprise funds:

Sewer Fund - This fund accounts primarily for the activities of the sewer department system. This fund is financed primarily by user fees.

Water Fund - This fund accounts primarily for the activities of the water department system. This fund is financed primarily by user fees.

Fiduciary Funds

Trust and Agency Fund - The Tax Collection Fund is used to account for property taxes collected for the Township and as an agent for other governmental units. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits, cash in savings and money market accounts.

INVESTMENTS

Investments are stated at cost, which approximates market, and consist of certificates of deposit with maturity values of three months or longer.

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

All receivables are reported at their gross values. Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed.

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Receivable from other governments represents various shared revenues, grants, and reimbursements from other governments.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

There is no accumulated vacation, sick leave or post-employment benefits to be recognized.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Capital assets are generally defined by the government as assets with an initial individual cost of \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Expenditures for maintenance and repair are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	20 – 40 years
Furniture and equipment	5 – 20 years
Water and Sewer Systems	50 years

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Issuance costs are reported as debt service expenditures.

FUND EQUITY

Reserved fund balances for governmental funds indicates that portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity, which is available for budgeting in future periods.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. Budgeted amounts are as originally adopted, or as amended by the Township Board.
5. Appropriations expire at the end of the fiscal year.

The Township Board's budgetary procedures are in compliance with P.A 621 of 1978 (The Uniform Budgeting Act).

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 2: PROPERTY TAX

Property tax revenues for the year ended March 31, 2008, reflected in the accompanying financial statements include property taxes levied December 31, 2007. These taxes are due by February 28, 2008, and are added to the County tax rolls after February 28, 2008. The Township will receive 100% payment for the delinquent tax by June, 2008.

The taxable value of the Township totaled \$80,406,837, on which ad valorem taxes consisted of 1.4986 mills for the Township's operating purposes, 1.9374 mills for roads and .4969 mills for recreation, raising \$118,172 for operating purposes, \$152,368 for roads, and \$39,181 for recreation. During the year ended March 31, 2008, the Michigan Tax Tribunal ruled in favor of a group of taxpayers, relative to the taxable base used to determine the personal property tax assessment for the years 2003 through 2008. This judgment required the Township to refund the excess personal property tax for those years, plus interest. The Township has agreed to settle the case and has recorded in the financial statements the amount due against its current year property tax revenue, and the amount remaining unpaid as of March 31, 2008, as an accrued liability. The amounts charged to each fund were \$16,331 to General Fund, \$11,402 to the Road Fund, and \$4,140 to the Recreation Fund.

NOTE 3: CASH AND CASH EQUIVALENTS

The caption on the statement of net assets relating to cash and cash equivalents and investments represent deposits in varying amounts as follows:

Cash and cash equivalents	\$942,537
Investments (certificates of deposit)	352,071
	<u>\$1,294,608</u>

Custodial Credit Risk – Deposits: At year-end the carrying amounts of cash and cash equivalents were classified as to risk as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$558,062	\$558,270
Uninsured – uncollateralized	736,546	858,980
	<u>\$1,294,608</u>	<u>\$1,417,250</u>

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated level are used as depositories. The Township may experience significant fluctuations in deposit balances through the year.

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 3: CASH AND CASH EQUIVALENTS (CONTINUED)

Statutory Authority

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States government or Federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township's deposits and investment policy are in accordance with statutory authority.

NOTE 4: INTERFUND BALANCES AND TRANSFERS

There were no interfund balances or operating transfers for the year ended March 31, 2008.

NOTE 5: CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year was as follows:

<u>Governmental</u>	Balance			Balance
<u>Activities</u>	April 1, 2007	Additions	Deletions	March 31, 2008
<u>Not being depreciated:</u>				
Land and land Improvements	\$81,938	\$ -	\$ -	\$81,938
<u>Being Depreciated:</u>				
Building and Improvements	99,018	20,648	-	119,666
Furniture and Equipment	24,238	-	-	24,238
Subtotal	205,194	20,648	-	225,842
Less accumulated depreciation	(67,788)	(5,870)	-	(73,658)
Total	\$137,406	\$14,778	\$ -	\$152,184

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation was charged to the Township's governmental activities as follows:

General government	\$5,418
Recreation and culture.	452
	<u>\$5,870</u>

Capital asset activity of the business-type activities for the current year was as follows:

<u>Business-type Activities</u>	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2008</u>
Being depreciated:				
Water System	\$1,866,725	\$ -	\$ -	\$1,866,725
Sewer system	38,160	-	-	38,160
Construction in progress	9,705	-	-	9,705
Subtotal	1,914,590	-	-	1,914,590
Less accumulated depreciation	(181,405)	(38,097)	-	(219,502)
Total	<u>\$1,733,185</u>	<u>(\$38,097)</u>	<u>\$ -</u>	<u>\$1,695,088</u>

Depreciation was charged to the Township's business-type activities as follows:

Water	\$37,334
Sewer	763
	<u>\$38,097</u>

NOTE 6: LONG-TERM DEBT

A summary of long term obligations at March 31, 2008, and transactions related thereto for the year then ended is as follows:

	<u>Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
\$360,000, 2007 general obligation Capital Improvement Bonds, for road construction, payable in annual installments of \$55,000 to \$65,000, bearing interest semi-annually at 4.70%, through May, 2013.	\$ -	\$360,000	\$ -	\$360,000	\$55,000
Total governmental activities long-term debt	-	360,000	-	360,000	55,000

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 6: LONG-TERM DEBT (CONTINUED)

	<u>Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Business-type activities:</u>					
Special Assessment Limited Tax Bonds; 2002 issue maturing serially to 2016 in annual amounts ranging from \$5,000 to \$30,000 and bearing interest at 4.1% to 4.3%.	\$270,000	\$ -	(\$25,000)	\$245,000	\$30,000
Total business-type activities long-term debt	270,000	-	(25,000)	245,000	30,000
Total long-term debt	\$270,000	\$360,000	(\$25,000)	\$605,000	\$85,000

Annual debt service requirements for the above obligations, as follows:

<u>Year Ended March 31,</u>	<u>Governmental Principal</u>	<u>Activities Interest</u>	<u>Business-type Principal</u>	<u>Activities Interest</u>
2008	\$55,000	\$14,688	\$30,000	\$9,810
2009	55,000	13,043	25,000	8,683
2010	60,000	10,340	30,000	7,525
2011	60,000	7,520	25,000	6,343
2012	65,000	4,582	25,000	5,268
2013-2017	65,000	1,527	110,000	9,459
Total	\$360,000	\$51,700	\$245,000	\$47,088

Interest expense for the year in the statement of activities, governmental activities, was \$5,013, and \$661 of amortization of finance costs. Interest expense for business-type activities was \$7,819 and \$675 of amortization of finance costs.

NOTE 7: SPECIAL ASSESSMENTS

The Township has assessed property owners for a portion of a water project. Following is a summary of this activity for the fiscal year ended March 31, 2008:

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2008</u>
Enterprise Fund:				
US 2 Water main extension	\$201,458	\$ -	\$29,572	\$171,886

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 8: CONSTRUCTION CODE

The Township collects fees for permits and conducts inspections in accordance with Act 245 of 1999 and accounts for the related activity in the General Fund. Revenues are shown as Licenses and Permits and the related expenditures are shown under General Fund building inspection expenditures. Following is this activity for the year ended March 31, 2008, as reported in the accompanying financial statements:

Revenues:

Licenses & permits	<u>\$6,085</u>
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Expenditures:

Salaries & fringe benefits	5,921
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Other	<u>1,574</u>
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Total Expenditures	<u><u>7,495</u></u>
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Expenditures over Revenues	<u><u>(\$1,410)</u></u>
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NOTE 9: PENSION PLAN

The Township provides pension benefits through a defined contribution plan covering to all board members which is administered by Municipal Retirement Systems, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township Board, the Township contributes 6% of employees' gross earnings; employees also contributes 6% of employee's gross earnings. In accordance with these requirements, the Township and the employees each contributed \$3,197 for the year ended March 31, 2008, fees and other charges were \$190.

NOTE 10: RISK MANAGEMENT

Moran Township participates in the Michigan Township Participating Plan for general liability, property loss, professional, public official errors and omissions liabilities. This plan is a self-insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. This plan, through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of the Township. The Township pays an annual premium to the Michigan Participating Plan for its general insurance coverage and has no additional liability beyond the premiums made to this plan.

The plan has a maximum liability for property of \$690,850, general liability of \$3,000,000, wrongful acts of \$2,000,000, crime of \$10,000, EDP of \$15,000, automobile of \$1,000,000, inland marine liability of \$149,200 and bonding for public official's errors and omissions. Additionally, the Township has purchased commercial insurance for workman's compensation benefits.

Claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

MORAN TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 11: COMMITMENTS

Construction: The Township is committed under contracts for road improvements in the approximate amount of \$55,540.

Ambulance Service: The Township has joined with other area townships and the City of St. Ignace to create the "St. Ignace Community Area Ambulance Service." This organization has, in turn, contracted with Allied EMS Systems, Inc., to operate ambulance services in the community.

Payments under this contract are required annually at a stipulated rate per person residing in each political unit comprising the contracting group. Each political unit is required to pay its pro-rated share of operating loss, if any, on a quarterly basis. Payments under this contract were \$6,610 for the year ended March 31, 2008.

REQUIRED SUPPLEMENTARY INFORMATION

MORAN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Property tax	\$110,000	\$110,000	\$101,841	(\$8,159)
Property taxes - administrative fee	23,000	23,000	24,379	1,379
Total taxes	133,000	133,000	126,220	(6,780)
Licenses and permits:				
Building and zoning permits	6,300	6,300	10,517	4,217
State shared revenues:				
State shared revenues	74,016	74,016	73,846	(170)
Swampland and payment in lieu of tax	33,827	33,827	33,068	(759)
Total state shared revenues	107,843	107,843	106,914	(929)
Charges for services:				
Cemetery lots, vaults, rents and other	1,000	1,000	845	(155)
Interest	1,000	1,000	4,021	3,021
Other revenue:				
Other	-	-	522	522
TOTAL REVENUES	249,143	249,143	249,039	(104)

The accompanying notes are an integral part of these financial statements.

**MORAN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
LEGISLATIVE				
Township board	\$31,805	\$32,305	\$23,647	\$8,658
GENERAL GOVERNMENT				
Supervisor	22,886	22,886	20,144	2,742
Assessor	32,355	37,355	32,403	4,952
Elections	5,250	5,250	2,245	3,005
Board of Review	2,474	2,474	1,543	931
Clerk	19,500	22,465	21,066	1,399
Treasurer	27,100	27,100	25,032	2,068
Township property	7,750	7,750	6,791	959
Cemetery	6,750	6,750	5,235	1,515
TOTAL GENERAL GOVERNMENT	124,065	132,030	114,459	17,571
PUBLIC SAFETY				
Fire protection	45,000	50,000	46,803	3,197
Ambulance service	20,000	20,000	6,610	13,390
Zoning	14,250	14,950	14,318	632
Building inspection	9,280	9,280	7,495	1,785
Planning commission	7,530	7,530	2,463	5,067
TOTAL PUBLIC SAFETY	96,060	101,760	77,689	24,071
PUBLIC WORKS				
Street lighting	6,500	6,500	6,098	402
Sanitation	4,000	4,011	4,011	-
TOTAL PUBLIC WORKS	10,500	10,511	10,109	402
OTHER FUNCTIONS				
Insurance and bonds	9,000	9,000	8,047	953
TOTAL OTHER FUNCTIONS	9,000	9,000	8,047	953
CAPITAL OUTLAY	-	21,500	20,648	852
TOTAL EXPENDITURES	271,430	307,106	254,599	52,507
NET CHANGE IN FUND BALANCE	(22,287)	(57,963)	(5,560)	52,403
FUND BALANCE - BEGINNING OF YEAR	294,312	294,312	294,312	-
FUND BALANCE - END OF YEAR	\$272,025	\$236,349	\$288,752	\$52,403

MORAN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
SPECIAL REVENUE - ROAD FUND
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property tax	\$150,000	\$150,000	\$140,966	(\$9,034)
State shared revenues - METRO Act	-	-	2,639	2,639
State land tax and payment in lieu of taxes	-	-	12,514	12,514
Contribution from local unit	-	-	7,002	7,002
Interest income	11,000	11,000	19,158	8,158
TOTAL REVENUES	161,000	161,000	182,279	21,279
EXPENDITURES:				
Current:				
Public works	256,000	721,848	542,023	179,825
Debt service:				
Finance costs	-	9,909	9,909	-
TOTAL EXPENDITURES	256,000	731,757	551,932	179,825
REVENUES OVER (UNDER) EXPENDITURES	(95,000)	(570,757)	(369,653)	201,104
OTHER FINANCING SOURCES				
Bond proceeds	-	360,000	360,000	-
NET CHANGE IN FUND BALANCE	(95,000)	(210,757)	(9,653)	201,104
FUND BALANCE, BEGINNING OF YEAR	659,999	659,999	659,999	-
FUND BALANCE, END OF YEAR	\$564,999	\$449,242	\$650,346	\$201,104

The accompanying notes are an integral part of these financial statements.

**MORAN TOWNSHIP
BUDGETARY COMPARISON SCHEDULE -
SPECIAL REVENUE - RECREATION FUND
FOR THE YEAR ENDED MARCH 31, 2005**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property tax	\$35,000	\$35,000	\$35,041	\$41
Interest income	-	-	1	1
Donations	-	-	15	15
TOTAL REVENUES	35,000	35,000	35,057	57
EXPENDITURES:				
Current:				
Recreation and culture	28,000	28,000	24,246	3,754
TOTAL EXPENDITURES	28,000	28,000	24,246	3,754
NET CHANGE IN FUND BALANCE	7,000	7,000	10,811	3,811
FUND BALANCE, BEGINNING OF YEAR	79,832	79,832	79,832	-
FUND BALANCE, END OF YEAR	\$86,832	\$86,832	\$90,643	\$3,811

The accompanying notes are an integral part of these financial statements.

September 12, 2008

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Township Board
Moran Township
Mackinac County, Michigan

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Moran Township, and have issued my report thereon dated September 12, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated April 18, 2008, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

I performed the audit according to the planned scope and timing previously communicated to you on August 13, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Moran Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was determining depreciation expense. I evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated September 12, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

Auditing standards require me to report to you significant audit findings or issues. Following are the significant findings I noted during my audit:

- There is a lack of segregation of duties in the accounting function due to the limited number of accounting personnel. This condition is generally inherent in organizations the size of Moran Township, where corrective action is not practical, and to the extent possible, duties are allocated between accounting personnel to mitigate the risk of material asset misappropriation.
- Moran Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, and to present required financial statement disclosures. However, small organizations with limited resources and personnel inherently have difficulty in establishing and maintaining effective internal accounting controls related to the preparation and review of the formal year-end financial statements.

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Board and management of Moran Township and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard E. Mahlmeister". The signature is fluid and cursive, with the first name "Richard" and last name "Mahlmeister" clearly distinguishable.

Richard E. Mahlmeister, C.P.A.
Richard E. Mahlmeister, C.P.A., P.C.

September 12, 2008

**COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL
WEAKNESSES IN INTERNAL CONTROL AND OTHER MATTERS**

Township Board
Moran Township
Mackinac County, Michigan

In planning and performing my audit of the financial statements of *Moran Township* as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, I considered Moran Township's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Moran Township's internal control. My consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, I do not express an opinion on the effectiveness of Moran Township's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies and a deficiency that I consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

I consider the following deficiencies to be significant deficiencies in internal control:

Lack of Segregation of Duties

Lack of segregation of duties exists in the accounting function due to the limited number of accounting personnel.

This condition is generally inherent in organizations the size of Moran Township, where corrective action is not practical, and to the extent possible, duties are allocated between accounting personnel to mitigate the risk of material asset misappropriation.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

I believe the following deficiency constitutes a material weaknesses:

Financial Statement Preparation

Moran Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, and to present required financial statement disclosures.

However, small organizations with limited resources and personnel inherently have difficulty in establishing and maintaining effective internal accounting controls related to the preparation and review of the formal year-end financial statements.

Thank you for the opportunity to serve ***Moran Township***. Best wishes in the next year.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Mahlmeister', written over the word 'Sincerely,'.

Richard E. Mahlmeister, C.P.A.
Richard E. Mahlmeister, C.P.A., P.C.